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20 DEC 1963

MEMORANDUM POR: Chief, Augit Staff

SUBJECT

: Audit Report of OSA-DD/SAT for the Period 1 July 1962 Through 30 September 1963. 3726-63, dated 31 November 1963.

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- 1. In response to the subject Audit Report, we are submitting herewith the actions taken or to be taken on the various recommendations included in paragraph 4 of the report.
- 2. RECOMMENDATION A. Take necessary measures to assure timely final closing of contracts.

TOUR LYING:

Po concer in the spirit of this recommendation and procedures are being established to verify and cheek, on a monthly basis, that all action has been taken on each completed contract which can be taken as of that date. The matter of delays caused by failure to accordate final overbead rates, by the cognizant Audit Agency, on otherwise completed prime or subcontracts will continue occasionally to be a problem.

3. EXCOMMENDATION b. Improve and fermalize contract pay-

MATCH TARES

Action is being taken to formalize Contract Payment procedures as follows:

Toungion Representative Contracts (Services)

A folder is being maintained for each technical representative whose services are contracted for an hebalf of this activity. The time and attendance reports received from the field stations are filed in the folders for comparison with the time and attendance reports supporting the contractors' involces for services rendered. Should discrepancies exist an exception is taken to the billing. Records of secret and upon of leave, sick and angual, are checked against the Tech Rep's employment agreement to assure compliance therewith.

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Call Type and Materiel Contracts

Procedures to establish a record of material received are in process. The procedure will entail a running inventory record of the items received. Each contract file will contain properly signed receiving documents (DD Forms 250) in support of billings for material. Facsimile signatures of person authorized to receive property will be maintained.

4. RECOMMENDATION c. Limit access to imprest fund to authorized custodian.

ACTION TAKEN:

The recommendation of the Audit Staff has been complied with. The principal assistant to as been given an advance for use when

5. RECOMMENDATION d. Formalize property accountability procedures for the CORONA Program.

ACTION TAKEN:

The CORONA Contractor responsible for the assembly of the single system will be instructed to reduce to writing a suitable procedure for the handling of Government property within the contractor's plant. The procedure shall include the receipt, issue, transfer, and expenditure of sub-systems as well as the single system in performance of the basic contract with the Agency. The resident Air Force Auditor, who is assigned to duty with OSA, shall be requested to assure overall compliance at the contractor's plant with the written procedures.

6. RECOMMENDATION e. Establish procedures for timely disposal of residual material under CORONA Program.

ACTION TAXER:

A continuing review is made with the technical staff to determine those items that are no longer required in the CORONA Program and thus may be disposed of. Prompt action is taken to dispose of those items which are identified as having no further value in the Program. Additionally, the prime contractor will be consulted for his determinations as to the currency of the material at the Franconia Depot available for the CORONA Program.

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7. EXCOMMENDATION 1. Utilise adequate hand receipt procedures for property issued.

ACTION TAKEN:

Hand receipts for property, which is essentially administrative, have been brought up to date.

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8. RECOMMENDATION &. Conform procedures for recreation fund to published Agency procedures.

ACTION TAXES:

A document outlining proposed use and accounting for income from bowling fees was prepared on 3 December 1963 and after review by cognizant officials was approved on 16 December 1963.

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Supply Section with documentation on local purchases.

ACTION TAKEN:

has catablished a formal 25X1

Operating Procedure to insure proper recording of local purchase items. This procedure is documented as STANDARD OPERATING PROCEDURE Number 39-3177-1, dated 6 December 1953, Subject: Purchase of Supplies or Equipment From Base Funds. A copy of this document is on file in this Headquarters and is available for review by the Audit Staff.

10. ESCOMMENDATION 1. Expedite obtainment of Declaration of Trusts for certain field bank accounts.

ACTION TAKEN:

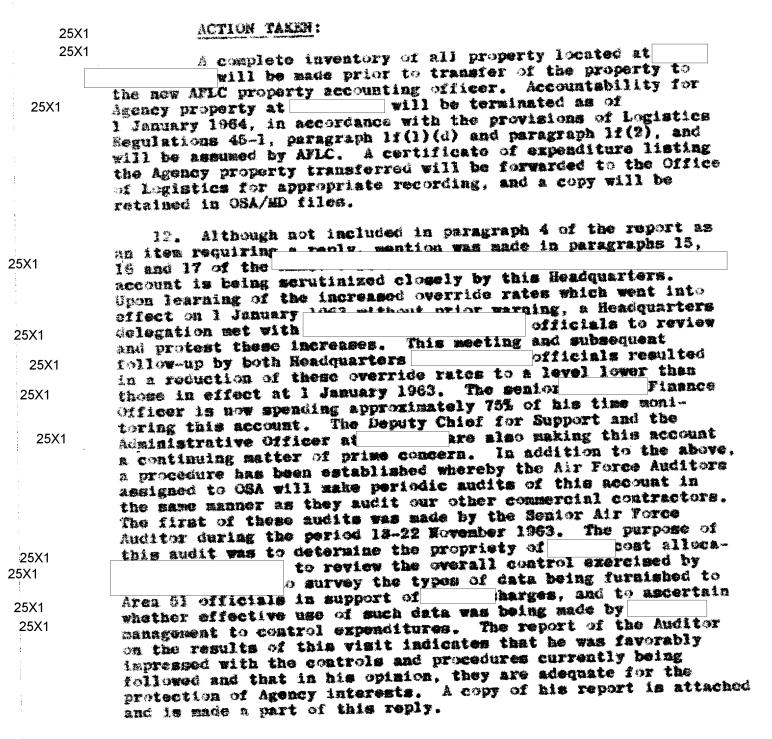
Declaration of Trusts have been obtained from the holders of all bank accounts where official funds are involved. Procedures have been established whereby all new recipients of Imprest Fund Advances will be given a Declaration of Trust Form at the time the advance is made with instructions to execute the Declaration of Trust Form and forward it to Beadquarters should the funds be deposited to a bank account for safekeeping.

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property is turned over to Air Force control.

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13. The recommendations and suggestions made by the auditors were most helpful to us in carrying out the many complex programs associated with OSA.

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JAMES A. CUNNINGHAM, JE. Deputy Assistant Director (Special Activities)

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